

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6784

BILL NUMBER: SB 213

NOTE PREPARED: Feb 26, 2008

BILL AMENDED: Feb 25, 2008

SUBJECT: Regional Sewer Districts.

FIRST AUTHOR: Sen. Young R

FIRST SPONSOR: Rep. Stilwell

BILL STATUS: 2nd Reading - 2nd House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: (Amended) *Regional Sewer Districts*. This bill provides that if rates or charges assessed by a regional sewer district serving not more than 350 customers are not paid within 60 days after they become due, the district may recover in a civil action the amount due, plus a penalty of 10% and a reasonable attorney's fee, from the delinquent user or owner of the property served by the district's sewage works. The bill specifies that the civil action may be filed on the small claims docket of a court with jurisdiction. If any charges assessed by a not-for-profit sewer utility are not paid within 60 days after they become due, the utility may (1) recover in a civil action the amount due, plus a penalty of 10% and a reasonable attorney's fee, from the delinquent user or owner of the property served by the utility's sewage works; and (2) require that a water utility providing water service to a delinquent user discontinue service until payment of all overdue charges, along with any penalties, are received by the utility.

Fire and Emergency Services The bill provides that the only matters that may be acted on at a special meeting of a township legislative body are the matters set forth in the notice of the meeting. It provides that if, at a special meeting, a township legislative body finds that a need for fire and emergency services or another emergency exists, the legislative body may authorize the township executive to borrow money sufficient to meet the emergency. (Current law does not specify that the legislative body may authorize the borrowing of money for fire and emergency services.) The bill specifies factors that the legislative body and any reviewing authority must consider in determining whether a fire and emergency services need exists requiring the expenditure of money not included in the township's budget estimates and levy. If the township received additional funds for such services in the immediately preceding budget year, any reviewing authority must consider the use of the funds in the immediately preceding budget year and the continued need for funding the services and operations to be funded with the loan proceeds. The bill authorizes the legislative body to take out temporary loans in an amount not more than 80% of the total anticipated revenue for the

remainder of the year in which the loans are taken out. (Current law authorizes temporary loans not exceeding 50% of the total anticipated revenue for the remainder of the year in which the loans are taken out.)

Effective Date: (Amended) Upon passage; July 1, 2008.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) *Regional Sewer Districts*. There are an estimated 15 regional sewer districts that serve 350 customers or fewer. Because the number of districts to which the bill would apply is limited, the statewide impact of the provision is not expected to be significant. However, the bill could increase administrative expenses for the district or districts to which it would apply. Expenses that will be incurred by local districts will depend on the number and nature of delinquent bills that arise. The specific impact is indeterminable.

(Revised) *Fire and Emergency Services*. The bill provides that if, at a special meeting, a township legislative body finds that a need for fire and emergency services or another emergency exists, the legislative body may authorize the township executive to borrow money sufficient to meet the emergency. The bill authorizes the legislative body to take out temporary loans in an amount not more than 80% of the total anticipated revenue for the remainder of the year in which the loans are taken out. These provisions will likely increase expenditures for emergency services and interest on loans. The increase will depend on local action.

Explanation of Local Revenues: (Revised) *Regional Sewer Districts*. The bill provides that if rates or charges are not paid within 60 days after they become due, the amount, together with a 10% penalty and a reasonable attorney's fee, may be recovered by the board in a civil action in the name of the district from the delinquent user or owner of the property served. The amount of revenue that will be generated will depend on the number and nature of delinquent bills that arise, penalties assessed, and collections. Because the bill will apply to very few districts, the revenue generated is not expected to be great.

(Revised) *Fire and Emergency Services*. The bill provides that under certain conditions a township legislative body may authorize the township executive to borrow money sufficient to meet the emergency. The bill authorizes the legislative body to take out temporary loans in an amount not more than 80% of the total anticipated revenue for the remainder of the year in which the loans are taken out. These provisions will make revenue available for townships to spend on emergency services. The increase in expenditures, however, is indeterminable.

State Agencies Affected:

Local Agencies Affected: Regional sewer districts, small claims courts, and townships.

Information Sources: Sandra Flum, IDEM, 233-9479; <http://www.irsda.org/RSD-base.pdf>

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